

## 7 | Financial Analysis

This section summarizes the cost and revenue projections related to the prescribed paid parking implementation in the Ninth Street Timed Lot, as well as recommended paid on-street parking in the Ninth Street study area.

### On-Street Paid Parking

The following projections are related to implementing paid on-street parking in the Ninth Street study area. For the purposes of this financial analysis 150 spaces within the study area are assumed to be transitioned to paid parking, primarily located along Ninth Street, Iredell Street, and Perry Street. Further, it was assumed that on-street paid parking would be implemented in 2014/2015. Financial projections are made for each year between 2014/2015 and 2022/2023. For this exercise, the following assumptions were made. It should be noted that the assumptions presented assume that on-street and off-street paid parking within the study area acts cohesively as a system; ie, the financials presented for on-street and off-street parking should not be considered as standalone projections.

• Number of Paid On-Street Parking Spaces	150
• Number of Pay Stations	20
• Annual Revenue per Parking Space	\$1,000
• Annual Operating Expense per Pay Station	\$400
• Annual Enforcement Expense per Pay Station	\$100
• Installation Cost per Pay Station	\$10,000

Paid on-street parking revenue projections were developed using the estimated number of paid on-street parking spaces, along with an estimated annual revenue per space, which for 2014/2015 was \$1,000 per space. It was assumed that the on-street parking rates would remain constant until 2017/18 when rates should experience a 25% increase. Similarly, another 25% increase in revenue is projected in 2022/2023 to account for steadily increased parking rates. The result is an annual revenue projection of approximately \$150,000 until 2017/2018 when the revenue projection increases to \$188,000. The annual on-street parking revenue is projected to increase to \$234,000 in 2022/2023.

Paid on-street parking expenses were calculated using the estimated number of pay stations to be installed (1 pay station per 7.5 spaces) and the annual expense per pay station. The calculation for expenses takes into consideration the annual operating costs and the cost for enhanced area enforcement and other associated expenses. A 25% increase of operating expenses was applied to account for enhanced enforcement, additional staff, and future assessments/studies. Expenses were then increased 2% annually to account for inflation.

The calculations for expenses do not include the upfront capital cost of procuring and installing the pay stations. It was assumed that 20 pay stations would be installed at a cost of \$10,000 per pay station, resulting in a total installation cost of \$200,000 that is applied to the financials in 2014/2015.

In 2014/2015, the installation cost of the pay stations results in a net parking deficit of approximately \$60,000 in the Ninth Street study area. After initial installation, approximately \$150,000 in revenue is estimated with total expenses of approximately \$10,000, resulting in a net surplus of approximately \$140,000 each year. This surplus is estimated to grow to approximately \$177,000 annually in 2017/2018 and approximately \$223,000 in 2022/2023 as a result of parking rate increases within the study area. A summary of the paid on-street parking financial analysis is provided in Table 7.1.

**Table 7.1 – Paid On-Street Parking Projection**

	2014/2015	2015/2016	2016/2017	2017/2018 <sup>1</sup>	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023 <sup>1</sup>
<b>On-Street Paid Parking Revenue</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$187,500</b>	<b>\$187,500</b>	<b>\$187,500</b>	<b>\$187,500</b>	<b>\$187,500</b>	<b>\$234,375</b>
Total Annual Revenue	\$150,000	\$150,000	\$150,000	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$234,375
Annual Revenue per Space	\$1,000	\$1,000	\$1,000	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,563

<b>On-Street Paid Parking Expense</b>	<b>\$10,000</b>	<b>\$10,200</b>	<b>\$10,404</b>	<b>\$10,612</b>	<b>\$10,824</b>	<b>\$11,041</b>	<b>\$11,262</b>	<b>\$11,487</b>	<b>\$11,717</b>
Total Annual Operating Expense	\$8,000	\$8,160	\$8,323	\$8,490	\$8,659	\$8,833	\$9,009	\$9,189	\$9,373
Annual Operating Expense per Pay Station	\$400	\$408	\$416	\$424	\$433	\$442	\$450	\$459	\$469
Total Annual Enforcement Expense	\$2,000	\$2,040	\$2,081	\$2,122	\$2,165	\$2,208	\$2,252	\$2,297	\$2,343
Annual Enforcement Expense per Pay Station	\$100	\$102	\$104	\$106	\$108	\$110	\$113	\$115	\$117

<b>On-Street Pay Station Install Cost</b>	<b>\$200,000</b>	-	-	-	-	-	-	-	-
Number of Pay Stations	20								
Cost Per Pay Station	\$10,000								

<b>Net Surplus / Deficit</b>	<b>\$(60,000)</b>	<b>\$139,800</b>	<b>\$139,596</b>	<b>\$176,888</b>	<b>\$176,676</b>	<b>\$176,459</b>	<b>\$176,238</b>	<b>\$176,013</b>	<b>\$222,658</b>
------------------------------	-------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------

<sup>1</sup> 25% increase in hourly parking rate



## Ninth Street Timed Lot Paid Parking

The City leased off-street surface parking lot, referred to as the Timed Lot, is currently free of charge with a 2-hour time restriction. In FY2014, this lot will be converted to a paid parking lot. The lot will feature one multi-space parking meter and rates will be set at \$1 per hour. Revenue and expense projections were made for this lot following the same methodology used to calculate on-street paid parking projections. Assumptions for this analysis are listed below. It should be noted that the assumptions presented assume that on-street and off-street paid parking within the study area acts cohesively as a system; ie, the financials presented for on-street and off-street parking should not be considered as standalone projections.

- Number of Paid Off-Street Parking Spaces 46
- Number of Pay Stations 1
- Annual Revenue per Parking Space \$1,000
- Annual Operating Expense per Pay Station \$400
- Annual Enforcement Expense per Pay Station \$100
- Installation Cost Per Pay Station \$10,000

Based on the above assumptions, total annual revenues for this lot were calculated. Similar to the on-street paid parking assumptions; revenues were estimated to increase by 25% in 2017/2018 then again in 2022/2023. The result is an annual revenue of approximately \$46,000 until year 2017/2018, when revenues increase to approximately \$58,000. The annual revenue is projected to increase to \$72,000 in 2022/2023.

The expenses for the surface lot were divided into operating expenses and enforcement expenses, similar to the on-street paid parking. A 25% increase in operating expenses was assumed to account for the enhanced enforcement and other associated expenses. Additionally, a 2% increase was applied annually to all of the expenses to account for inflation. Cost for installation of the pay station remained \$10,000.

In 2014/2015, paid off-street parking in the Timed Lot results in a net parking surplus of approximately \$36,000. After initial installation, approximately \$46,000 in revenue is estimated with total expenses of approximately \$500, resulting in a net surplus of approximately \$45,000 each year. This surplus is estimated to grow to approximately \$57,000 annually in 2017/2018 and approximately \$72,000 in 2022/2023 as a result of parking rate increases within the study area. A summary of the paid on-street parking financial analysis is provided in Table 7.2.

## FINANCIAL ANALYSIS

Table 7.2 – Ninth Street Timed Lot Paid Parking Projection

	2014/2015	2015/2016	2016/2017	2017/2018 <sup>1</sup>	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023 <sup>1</sup>
<b>Timed Lot Paid Parking Revenue</b>	<b>\$46,000</b>	<b>\$46,000</b>	<b>\$46,000</b>	<b>\$57,500</b>	<b>\$57,500</b>	<b>\$57,500</b>	<b>\$57,500</b>	<b>\$57,500</b>	<b>\$71,875</b>
Total Annual Revenue	\$46,000	\$46,000	\$46,000	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$71,875
Annual Revenue per Space	\$1,000	\$1,000	\$1,000	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,563
<b>Timed Lot Paid Parking Expense</b>	<b>\$500</b>	<b>\$510</b>	<b>\$520</b>	<b>\$531</b>	<b>\$541</b>	<b>\$552</b>	<b>\$563</b>	<b>\$574</b>	<b>\$586</b>
Total Annual Operating Expense	\$400	\$408	\$416	\$424	\$433	\$442	\$450	\$459	\$469
Annual Operating Expense per Pay Station	\$400	\$408	\$416	\$424	\$433	\$442	\$450	\$459	\$469
Total Annual Enforcement Expense	\$100	\$102	\$104	\$106	\$108	\$110	\$113	\$115	\$117
Annual Enforcement Expense per Pay Station	\$100	\$102	\$104	\$106	\$108	\$110	\$113	\$115	\$117
<b>Timed Lot Pay Station Install Cost</b>	<b>\$10,000</b>	-	-	-	-	-	-	-	-
Number of Pay Stations	1								
Cost Per Pay Station	\$10,000								
<b>Net Surplus / Deficit</b>	<b>\$35,500</b>	<b>\$45,490</b>	<b>\$45,480</b>	<b>\$56,969</b>	<b>\$56,959</b>	<b>\$56,948</b>	<b>\$56,937</b>	<b>\$56,926</b>	<b>\$71,289</b>

<sup>1</sup> 25% increase in hourly parking rate